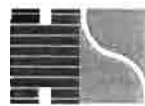


FINANCIAL REPORT  
EAST JORDAN PUBLIC SCHOOLS  
EAST JORDAN, MICHIGAN  
June 30, 2006

EAST JORDAN PUBLIC SCHOOLS  
Financial Report  
Year Ended June 30, 2006

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August 18, 2006

Independent Auditors' Report

Superintendent and  
Board of Education  
East Jordan Public Schools  
East Jordan, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of East Jordan Public Schools, as of and for the year ended June 30, 2006, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

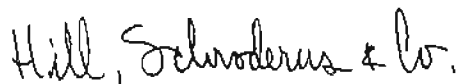
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of East Jordan Public Schools, as of June 30, 2006, and the respective changes in financial position, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 18, 2006, on our consideration of East Jordan Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

East Jordan Public Schools  
East Jordan, Michigan

The management's discussion and analysis and the budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise East Jordan Public Schools' basic financial statements. The other supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of East Jordan Public Schools. The other supplemental information and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



CERTIFIED PUBLIC ACCOUNTANTS  
Potoskey, Michigan



### Management's Discussion and Analysis

#### Overview of the Basic Financial Statements

East Jordan Public Schools' (the District's) basic financial statements include government-wide statement, fund financial statements and notes to the financial statements. This report also contains required and other supplemental information in addition to the basic financial statements.

#### Government-wide Financial Statements

The government-wide financial statements report information on all of the District's nonfiduciary funds. The government-wide statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Assets displays all of the District's assets and liabilities, with the difference reported as net assets. All long-term assets and debt obligations are presented.

The Statement of Activities focuses on the gross and net cost of the various functions within the District (instruction, support services, etc.), which are supported by the District's general revenues (property taxes, unrestricted State Aid, etc.).

#### Fund Financial Statements

The fund financial statements report on the governmental funds, with an emphasis on major funds. Major funds are determined by the level of activity within the various funds. The focus of the fund financial statements is on the sources and uses of funds during the current year.

The fiduciary fund is also presented, separate from the governmental funds, due to the fact that these assets do not represent assets of the District. These assets are not presented as part of the Government-wide financial statements.

East Jordan Public Schools maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund which is considered a major fund. Data from the other seven governmental funds are combined into a single, nonmajor governmental funds column. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the other supplemental information section of the report.

## Notes to the Financial Statements

The notes provide additional information which is essential to a full understanding of the data provided in the government-wide and fund financial statements.

### Government-wide Financial Analysis

The table below summarizes the District's net assets as of June 30, 2006:

East Jordan Public Schools' Net Assets June 30, 2006		
	Governmental Activities	
	June 30, 2006	June 30, 2005
<b>Assets</b>		
Current and other assets	\$ 1,945,595	\$ 2,220,063
Capital assets - net of accum dep	14,384,996	14,678,502
 Total assets	 16,330,591	 16,898,565
 <b>Liabilities</b>		
Current liabilities	1,803,354	1,827,276
Noncurrent liabilities	9,237,527	10,088,059
 Total liabilities	 11,040,881	 11,915,335
 <b>Net Assets</b>		
Investment in capital assets, net of related debt	4,423,455	4,023,800
Restricted	256,722	281,066
Unrestricted	609,533	678,364
 Total net assets	 \$ 5,289,710	 \$ 4,983,230

At the end of the fiscal year, East Jordan Public Schools is able to report positive balances in all three categories of net assets. The largest portion of the District's net assets is its investment in capital assets (land, construction in progress, buildings, equipment and vehicles), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets in providing educational services, consequently these assets are not available for future spending.

The second portion of net assets, restricted net assets, represents resources that are subject to external restrictions on how they may be used. This would include restrictions for debt service, capital projects and tribal expenses.

The remaining portion of net assets, unrestricted net assets, may be used at the District's discretion to meet ongoing obligations.

The results for the School District as a whole are reported in the Statement of Activities, which is summarized below:

**East Jordan Public Schools' Change In Net Assets**  
**Year Ended June 30, 2006**

	Governmental Activities For the Year Ended	
	June 30 2006	June 30, 2005
<b>Revenue</b>		
Program revenue:		
Charges for services	\$ 348,277	\$ 370,715
Grants and contributions	1,658,735	1,630,511
General revenue:		
Property taxes	4,231,583	3,941,864
State Aid, unrestricted	5,386,784	5,506,216
Interest and investment earnings	87,042	47,062
Other	77,550	72,362
<b>Total revenues</b>	<u>11,789,971</u>	<u>11,568,730</u>
<b>Function/Program Expenses</b>		
Instruction	6,302,759	6,258,263
Support services	3,404,322	3,445,804
Community services	172,754	173,749
Food services	411,048	413,393
Athletics	239,949	254,775
Interest/fees on long-term debt	444,617	469,427
Capital outlay expenditures, for items under \$5,000 not capitalized	2,820	198,796
Depreciation (unallocated)	505,222	503,898
<b>Total expenses</b>	<u>11,483,491</u>	<u>11,718,105</u>
<b>Change in net assets</b>	306,480	(149,375)
<b>Net assets - beginning of year</b>	<u>4,983,230</u>	<u>5,132,605</u>
<b>Net assets - end of year</b>	<u><u>\$ 5,289,710</u></u>	<u><u>\$ 4,983,230</u></u>

As reported above, the District recorded approximately \$11.5 million of expenses. These expenses were funded minimally by charges for services, 3%. The majority of the District's activities were funded by unrestricted state aid (47%), property taxes (37%), and grants and contributions (14%).

The District experienced an increase in net assets primarily due to the retirement of \$782,612 in debt exceeding the depreciation of assets of \$505,222. Increased costs for health insurance and retirement were responsible for adding more than an inflationary increase in both the Statement of Activities and the Fund Financial Statements.

#### **Fund Financial Analysis**

As of year-end, the governmental funds reported a combined fund balance of approximately \$1.05 million, which is 15% less than the beginning of the year (\$1.2 million). The decrease was mainly due to a \$157,578 decrease in the fund balance of the General Fund to \$666,913. The Cafeteria Fund experienced a \$12,519 decrease in fund balance to \$58,969. The Athletics Fund was near break even with a minimal fund balance. The Athletics Fund receives a transfer from the General Fund each year to prevent a deficit fund balance in that fund. The Debt Funds had a \$16,081 decrease in fund balances to \$319,469. The Debt Funds levy enough taxes to pay the annual debt service requirements and to maintain a fund balance sufficient to pay debt service requirements between tax levies. The Sinking Fund and Capital Project Funds had minimal changes in fund balance.

#### **General Fund Budgetary Highlights**

Final budgeted revenues increased from original budgeted revenues. This was primarily attributable to more revenue budgeted from the State of Michigan and the intermediate school district.

Final budgeted expenditures increased from the original budgeted amounts by approximately \$201,000. This was due to increased anticipated expenditures for instruction, business operations and plant operations.

Final revenues were lower than final budgeted amounts by approximately \$20,000. This was mainly due to recognizing less interdistrict sources of revenue than budgeted. This revenue is recognized as expenditures are made. The full amount of anticipated expenditures did not occur; consequently, the funding not expended was deferred.

Final expenditures were lower than final budgeted amounts by approximately \$77,000. This was mainly due to budgeting the full amount for interdistrict funding for anticipated instructional staff expenditures which did not occur.



## Capital Assets

At June 30, 2006 the District had \$14.4 million (net of accumulated depreciation) invested in capital assets. The following table summarizes the capital asset activity for the year:

### East Jordan Public Schools' Capital Asset Activity Year Ended June 30, 2006

	July 1, 2005	Additions	Disposals	June 30, 2006
Land and improvements	\$ 261,878	\$ -	\$ -	\$ 261,878
Buildings and improvements	17,799,426	206,231	-	18,005,657
Furniture and equipment	1,322,666	5,485	-	1,328,151
Vehicles	744,390	-	-	744,390
Total capital assets	20,128,360	211,716	-	20,340,076
Less accum. depreciation	5,449,858	505,222	-	5,955,080
Net capital assets	\$ 14,678,502	\$ (293,506)	\$ -	\$ 14,384,996

The majority of the capital assets additions pertained to partial re-roofing at the high school and a new dehumidification system at the pool. There also was other equipment purchased.

## Debt Outstanding

At the end of the year, the School District had \$10.1 million in debt outstanding. Below is the debt activity for the year:

### East Jordan Public Schools' Debt Activity Year Ended June 30, 2006

	July 1, 2005	Additions	Reductions	June 30, 2006
Bonds and notes payable	\$ 10,693,842	\$ -	\$ 732,301	\$ 9,961,541
Other liabilities	168,518	-	50,311	118,207
Totals	\$ 10,862,360	\$ -	\$ 782,612	\$ 10,079,748

There were no new bonds or notes issued during the year. The reductions are attributable to existing debt payments and a partial reduction in an early retirement incentive incurred in the prior year.

## **Economic Factors**

Many factors were considered in establishing the District's 2005 - 2006 fiscal year budget. Among the most critical factors are student enrollment and the student foundation grant (SFG) levels. In 2005 - 2006, the district's enrollment fell from the prior year levels, and the SFG was increased by \$175, to \$6,875. Both of these factors affected the 2005 - 2006 budget.

EJPS' revenue is heavily dependent on State funding, which is linked to the overall health of Michigan's School Aid Fund. Appropriations to EJPS and other public schools in Michigan are directly linked to the State's ability to collect revenues to fund such appropriations. Over the past 4 years, and continuing into the 2005 - 2006 school year, Michigan has been unable to generate sufficient revenues to meet corresponding increases on the expense side of the budget, which has led to budget reductions at EJPS and other public schools.

To offset the negative consequences associated with declining State revenues and enrollment, EJPS made \$500,000 in budget reductions in 2005 - 2006, and an additional \$650,000 in reductions in 2006 - 2007. Such reductions were made necessary by declining State support, as well as by increases in expenditures, including significant increases in the cost of health insurance premiums paid in support of employee health care benefits, and in the school's cost of retirement benefits for school employees. To offset these increases, the District continued to utilize the Fund Balance, which made a \$157,500 contribution to District operations in 2005-2006.

Projections for Michigan's 2007 - 2008 fiscal year budget are also negative. Additional shortfalls in State revenues will impact the School Aid Fund, which will affect the State's ability to increase revenues for schools. A ballot proposal for the November election offers some relief, however, whether or not the proposal earns the favor of voters remains to be seen.

Given the negative revenue and increasing expenditures trends, it is anticipated that EJPS will need to continue to make significant expenditure reductions in 2007 - 2008. Continued reductions in the District's fund balance, which has already been reduced to 6.6% of operating expenditures, may also be necessary.

## **Financial Contact**

The District's financial statements are designed to present users with a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed towards the Business Office, East Jordan Public Schools.

EAST JORDAN PUBLIC SCHOOLS  
Statement of Net Assets  
June 30, 2006

<u>Assets</u>	<u>Governmental Activities</u>
<b>Current Assets</b>	
Cash	\$ 838,993
Due from other governmental units	1,088,266
Interest receivable on investments and deposits	
Inventories	3,469
Prepaid expenses	14,314
Investments	<u>553</u>
Total current assets	<u>1,945,595</u>
<b>Noncurrent Assets</b>	
Capital assets	20,340,076
Less: accumulated depreciation	<u>(5,955,080)</u>
Total noncurrent assets	<u>14,384,996</u>
Total assets	<u><u>\$ 16,330,591</u></u>
 <b><u>Liabilities and Net Assets</u></b>	
<b>Liabilities</b>	
Accounts payable	\$ 28,481
Due to other governmental units	3,734
Payroll deductions and withholdings	4,548
Accrued expenses	212,860
Salaries payable	513,717
Deferred revenue	127,312
Accrued interest payable	70,481
Noncurrent liabilities:	
Due within one year	842,221
Due in more than one year	<u>9,237,527</u>
Total liabilities	<u>11,040,881</u>
<b>Net Assets</b>	
Investment in capital assets, net of related debt	4,423,455
Restricted for debt service	248,988
Restricted for capital projects	657
Restricted for tribal expenses	7,077
Unrestricted	<u>609,533</u>
Total net assets	<u>5,289,710</u>
Total liabilities and net assets	<u><u>\$ 16,330,591</u></u>

**EAST JORDAN PUBLIC SCHOOLS**  
**Statement of Activities**  
**Year Ended June 30, 2006**

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Net Revenue (Expenses) and Changes in Net Assets
				Governmental Activities
Governmental Activities:				
Instruction	\$ 6,302,759	\$ 32,065	\$ 921,428	\$ (5,349,266)
Support services	3,404,322	-	465,819	(2,938,503)
Community services	172,754	113,417	-	(59,337)
Food services	411,048	150,577	239,367	(21,104)
Athletics	239,949	52,218	27,757	(159,974)
Interest/fees on long-term debt	444,617	-	4,364	(440,253)
Capital outlay expenditures, for items under \$5,000 not capitalized	2,820	-	-	(2,820)
Depreciation (unallocated)	505,222	-	-	(505,222)
<b>Total governmental activities</b>	<b>\$ 11,483,491</b>	<b>\$ 348,277</b>	<b>\$ 1,658,735</b>	<b>(9,476,479)</b>
General Revenues:				
Taxes:				
Property taxes, levied for general purposes				2,983,808
Property taxes, levied for debt services				1,121,817
Property taxes, levied for capital expenditures				125,958
State Aid, unrestricted				5,386,784
Interest and investment earnings				87,042
Other				77,550
<b>Total general revenues</b>				<b>9,782,959</b>
<b>Change in net assets</b>				<b>306,480</b>
<b>Net assets - beginning of year</b>				<b>4,983,230</b>
<b>Net assets - end of year</b>				<b>\$ 5,289,710</b>

EAST JORDAN PUBLIC SCHOOLS  
Governmental Funds  
Balance Sheet  
June 30, 2006

	General	Other Nonmajor Governmental Funds	Total
<b><u>Assets</u></b>			
Cash	\$ 481,515	\$ 357,478	\$ 838,993
Due from other funds	58	-	58
Due from other governmental units	1,056,649	31,617	1,088,266
Inventories	-	3,469	3,469
Prepaid expenditures	13,064	1,250	14,314
Investments	553	-	553
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 1,551,839</u>	<u>\$ 393,814</u>	<u>\$ 1,945,653</u>
<b><u>Liabilities and Fund Balances</u></b>			
Liabilities:			
Accounts payable	\$ 28,176	\$ 305	\$ 28,481
Due to other funds	-	58	58
Due to other governmental units	3,734	-	3,734
Payroll deductions and withholdings	4,548	-	4,548
Accrued expenditures	207,439	5,421	212,860
Salaries payable	513,717	-	513,717
Deferred revenue	127,312	-	127,312
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>884,926</u>	<u>5,784</u>	<u>890,710</u>
Fund Balances:			
Reserved for inventories and prepaid expenditures	13,064	4,719	17,783
Reserved for debt service	-	319,469	319,469
Reserved for capital improvements	-	657	657
Reserved for tribal expenditures	7,077	-	7,077
Unreserved:			
Undesignated	646,772	63,185	709,957
	<hr/>	<hr/>	<hr/>
Total fund balances	<u>666,913</u>	<u>388,030</u>	<u>1,054,943</u>
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	<u>\$ 1,551,839</u>	<u>\$ 393,814</u>	<u>\$ 1,945,653</u>

EAST JORDAN PUBLIC SCHOOLS  
Governmental Funds  
Reconciliation of Balance Sheet of Governmental Funds to Statement of Net Assets  
June 30, 2006

Total Fund Balances - Governmental Funds	\$ 1,054,943
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Amounts reported for governmental activities in the statement  
of net assets are different because:

Capital assets used in governmental activities are not financial  
resources and are not reported in the governmental funds  
balance sheet

Cost of capital assets	20,340,076
Accumulated depreciation	(5,955,080)

Interest is accrued on outstanding bonds in governmental activities, whereas in governmental funds, an interest expenditure is reported when due	(70,481)
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Long-term liabilities are not due and payable in the current period  
and are not reported in the governmental funds balance sheet

Bonds and notes payable	(9,961,541)
Other liabilities	(118,207)

Total Net Assets - Governmental Activities	<u>\$ 5,289,710</u>
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**EAST JORDAN PUBLIC SCHOOLS**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Year Ended June 30, 2006**

	<u>General</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total</u>
<b>Revenues:</b>			
Local sources	\$ 3,230,855	\$ 1,517,919	\$ 4,748,774
State sources	5,888,919	34,769	5,923,688
Federal sources	298,822	208,963	507,785
Interdistrict and other sources	<u>609,724</u>	<u>-</u>	<u>609,724</u>
Total revenues	<u>10,028,320</u>	<u>1,761,651</u>	<u>11,789,971</u>
<b>Expenditures:</b>			
Current:			
Instruction	6,288,115	-	6,288,115
Support services	3,497,967	-	3,497,967
Community services	172,754	-	172,754
Food service	-	411,048	411,048
Athletics	-	239,949	239,949
Debt service:			
Principal	19,293	713,008	732,301
Interest	1,125	445,774	446,899
Other	-	2,508	2,508
Capital outlay	-	129,202	129,202
Intergovernmental payments	<u>56,644</u>	<u>-</u>	<u>56,644</u>
Total expenditures	<u>10,035,898</u>	<u>1,941,489</u>	<u>11,977,387</u>
Excess (deficiency) of revenues over expenditures	<u>(7,578)</u>	<u>(179,838)</u>	<u>(187,416)</u>
<b>Other financing sources (uses):</b>			
Operating transfers in	10,000	160,000	170,000
Operating transfers out	<u>(160,000)</u>	<u>(10,000)</u>	<u>(170,000)</u>
Total other financing sources (uses)	<u>(150,000)</u>	<u>150,000</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>(157,578)</u>	<u>(29,838)</u>	<u>(187,416)</u>
<b>Fund balances - beginning of year</b>	<u>824,491</u>	<u>417,868</u>	<u>1,242,359</u>
<b>Fund balances - end of year</b>	<u><u>\$ 666,913</u></u>	<u><u>\$ 388,030</u></u>	<u><u>\$ 1,054,943</u></u>

EAST JORDAN PUBLIC SCHOOLS  
Governmental Funds  
Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
Year Ended June 30, 2006

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ (187,416)</b>
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets over \$5,000 is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays are less than depreciation expense in the period.	(293,506)
Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	732,301
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	4,790
In the statement of activities, compensated absences and early retirement incentives are measured by the amounts earned during the year. In the governmental funds, expenditures for these items are measured by the amount actually paid.	50,311
<b>Change in Net Assets - Governmental Activities</b>	<b>\$ 306,480</b>



EAST JORDAN PUBLIC SCHOOLS  
Fiduciary Fund  
Statement of Fiduciary Net Assets  
June 30, 2006

	Student Activities Agency Fund
<b>Assets</b>	
Cash	\$ 102,724
<b>Liabilities</b>	
Due to student groups	\$ 102,724

**EAST JORDAN PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2006

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

East Jordan Public Schools (the "School District") operates under a Board-Superintendent form of government and provides education services to its residents. The accounting policies of the School District conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant policies used by the School District:

**Reporting Entity**

The accompanying financial statements have been prepared in accordance with criteria established by Governmental Accounting Standards Board Statement (GASBS) No. 14 (and amended by GASBS No. 39). GASBS 14 states the primary basis for determining whether outside agencies and organizations should be considered component units of the School District and included in the School District's financial statements is financial accountability. Financial accountability has been defined as follows: A primary government has substantive authority to appoint a voting majority of the component unit's board; the primary government is either able to impose its will on a component unit or there is a potential for the component unit to provide specific financial burdens on the primary government; and the component unit is fiscally dependent on the primary government. The School District has no component units.

**Basic Financial Statements – Overview**

The School District's basic financial statements include both government-wide (reporting the School District as a whole) and fund financial statements (reporting the School District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for support. All of the School District's activities are considered governmental activities.

**Basic Financial Statements – Government-Wide Statements**

The government-wide financial statements report information on all of the nonfiduciary activities of the primary government. These statements are reported using the economic resources measurement focus and the full accrual basis of accounting. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. The government-wide focus is more on operational efficiency, the sustainability of the School District as an entity and the change in the School District's net assets resulting from the current year's activities.

In the government-wide Statement of Net Assets, the governmental activities column is presented on a consolidated basis. Due to the full accrual, economic resource basis, all long-term assets and receivables, as well as long-term debt and obligations are recognized. The School District's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The School District first utilizes restricted resources to finance qualifying activities.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED****Basic Financial Statements – Government-Wide Statements - Continued**

The government-wide Statement of Activities, due to the full accrual, economic resource basis, records revenue when it is earned and expenses when a liability is incurred, regardless of the timing of related cash flows. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes (1) charges to customers who purchase, use or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, unrestricted State Aid and other items not properly included among program revenues are reported as general revenue. Any net costs, by function, are allocated to the general revenue.

**Basic Financial Statements – Fund Financial Statements**

The financial transactions of the School District are reported in individual funds in the fund financial statements. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. The emphasis in the fund financial statements is on the major funds in the governmental activities category. GASBS No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures of the governmental funds) for the determination of major funds. The School District's major fund, as described below, is the General Fund. Nonmajor funds by category are summarized into a single column.

The governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded in the accounting period in which they become both available and measurable. Revenues are available when received within the current period or within 60 days after year end. Expenditures are recorded in the accounting period in which the liability is incurred. The exception to this general rule is principal and interest on general obligation long-term debt, if any, is recognized when due.

The focus of the fund financial statements is upon the determination of financial position and changes in financial position (sources, uses, and balances of financial resources).

Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into generic fund types and broad fund categories as follows:

**Governmental Funds**

Governmental funds are those funds through which most school district functions typically are financed. The acquisition, use and balances of the School District's expendable financial resources and the related current liabilities are accounted for through governmental funds.

**General Fund** – The General Fund is used to record the general operations of the School District pertaining to education and those operations not provided for in other funds. The General Fund is a major fund of the School District.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Basic Financial Statements - Fund Financial Statements - Continued**

**Governmental Funds - Continued**

**Special Revenue Funds** – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

**School Service Funds** – The School Service Funds are used to segregate, for administrative purposes, the transactions of a particular activity from regular revenue and expenditure accounts. The School District maintains full control of these funds. The School Service Funds maintained by the School District are the Cafeteria and Athletics Funds.

**Debt Service Funds** – The Debt Retirement Funds are used to record tax and interest revenue and the payment of interest, principal and other expenditures on long-term bonded debt. The Debt Service Funds maintained by the School District are the 1995, 2002 and Durant Funds.

**Capital Project Funds** – The Capital Project Funds are used to record bond proceeds, tax revenues or other revenue and the disbursement of monies specifically designated for acquiring new school sites, buildings, equipment, and for major remodeling and repairs. These funds are kept open until the purpose for which they were created has been accomplished. The Capital Project Fund which used the 2002 Bond proceeds has been closed. A Sinking Fund which uses property tax revenues was opened this year. The Sinking Fund was approved by the voters for a period of six years, fiscal 2006 through 2011 to levy an amount not to exceed .4 mills on all property for the purchase of real estate for sites for, and the construction or repair of school buildings and all other purposes authorized by law. For this fund the School District has complied with the applicable provision of § 1212 (1) of the Revised School Code and the applicable section of the Revised Bulletin for School District Audits of Bonded Construction Funds and of Sinking Funds in Michigan.

**Fiduciary Funds**

Fiduciary Funds are used to account for assets held by the School District in a trustee or agency capacity for others and therefore are not available to support School District programs. Since these funds cannot be used to address activities or obligations of the School District, these funds are not incorporated into the government-wide statements. Fiduciary fund statements are reported using the economic resources measurement focus and the accrual basis of accounting. The following agency fund is presented in the Statement of Fiduciary Net Assets:

**Student Activities Agency Fund** – The School District presently maintains a Student Activities Agency Fund to record the transactions of student groups for school and school-related purposes. The funds are segregated and held by the School District for the students.

**Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, demand deposits and other accounts that have the general characteristics of demand deposits.

**Investments**

Investments are stated at fair market value.

**Inventories**

Inventories are stated at cost, which approximates market, using the first-in/first-out (FIFO) method. Inventory recorded in the Cafeteria Fund consists of food and paper goods. Disbursements for inventory-type items are recorded at the time of use in the Cafeteria Fund.

## NOTES TO FINANCIAL STATEMENTS – CONTINUED

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

#### Capital Assets

Capital assets, which include land, buildings, equipment and vehicles are reported in the Statement of Net Assets in the government-wide financial statements. Capital assets are defined by the School District as assets that are purchased or acquired with an original cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date donated. Additions, improvements and other capital outlay that significantly extend the useful life of an asset, or increase its capacity or efficiency, are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Land improvements	10-20 years
Buildings and improvements	7-50 years
Furniture and other equipment	5-25 years

#### Compensated Absences

The District's certified and non-certified employees are allowed to accumulate and vest sick days in accordance with their respective contracts. This amount is reported in the government-wide financial statements and represents a reconciling item between the government-wide and fund presentations.

#### Comparative Data

Comparative total data for the prior year is not included in the School District's financial statements.

### NOTE 2: BUDGETING/COMPLIANCE

The School District is required under Public Act 621 to adopt a budget for the General and Special Revenue Funds. Annual budgets are adopted on a basis consistent with generally accepted accounting principles and State law for these funds. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. All annual appropriations lapse at year end.

The presentation of budgetary information is required for the General Fund and all major Special Revenue Funds. (The School District does not have any major Special Revenue Funds). In the required supplemental information section, the School District's actual and budgeted expenditures for the General Fund are presented. The School District did not have an excess of expenditures over appropriations for the General Fund or Athletic Fund. The Cafeteria Fund did have expenditures of \$421,048 which were in excess of appropriations of \$419,760.

### NOTE 3: CASH AND INVESTMENTS

State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office in Michigan; the School District is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District's deposits and investments are in accordance with statutory authority.

**NOTE 3: CASH AND INVESTMENTS – CONTINUED**

**Cash Deposits**

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. At year-end, the carrying amount of the School District's deposits for both governmental activities and fiduciary funds was \$941,717 and the bank balance was \$1,410,775. Of the bank balance, \$200,000 was covered by federal depository insurance. The remaining \$1,210,775 was uninsured and uncollateralized. State statutes prohibit security in the form of collateral, surety bonds or another form be taken for the deposit of public funds.

**Investments**

Credit Risk – As of June 30, 2006, the School District's investment in the Michigan Liquid Asset Fund investment pool of \$553 was rated AAAM by Standard & Poor's.

**NOTE 4: PROPERTY TAXES**

Property taxes are levied and become a lien on property as of December 1 on the State taxable valuation of property in the School District as of the preceding December 31.

Property taxes are recognized as revenue in the fiscal year they are levied. The Michigan School Accounting Manual requires property taxes receivable be written off in the current year if not received within 60 days of the end of the previous year. This applies to both the government-wide (full accrual) and the fund (modified accrual) financial statements. There is no significant departure from the full accrual basis of accounting using this method.

The 2005 State taxable valuation of non-homestead property as of June 27, 2006, for East Jordan Public Schools totaled \$167,752,249 on which taxes levied consisted of 17.6255 mills for operating purposes. The total taxable valuation of the School District as of June 27, 2006, was \$313,741,978 on which taxes levied consisted of .40 mills for sinking fund and 3.55 mills for debt retirement. These amounts are recognized in the respective General, 1995 Debt Service, and 2002 Debt Service Funds.

Classification of assessed property between homestead vs. non-homestead is subject to change. In addition, Michigan Tax Tribunal and Board of Review changes throughout the year affect the total taxable valuation.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE 5: CAPITAL ASSETS

Capital asset activity for the School District's governmental activities was as follows:

	Balance July 1, 2005	Additions	Disposals	Balance June 30, 2006
Assets not being depreciated:				
Land and improvements	\$ 70,868	\$ -	\$ -	\$ 70,868
Capital assets being depreciated:				
Land improvements	191,010	-	-	191,010
Buildings and improvements	17,799,426	206,231	-	18,005,657
Furniture and equipment	1,322,666	5,485	-	1,328,151
Vehicles	744,390	-	-	744,390
Subtotal	20,057,492	211,716	-	20,269,208
Accumulated depreciation:				
Land improvements	95,062	11,545	-	106,607
Buildings and improvements	4,451,790	370,461	-	4,822,251
Furniture and equipment	311,687	84,579	-	396,266
Vehicles	591,319	38,637	-	629,956
Subtotal	5,449,858	505,222	-	5,955,080
Net capital assets being depreciated	14,607,634	(293,506)	-	14,314,128
Governmental activities net capital assets	\$ 14,678,502	\$ (293,506)	\$ -	\$ 14,384,996

Governmental activities depreciation expense was charged as follows:

Unallocated	\$ 505,222
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**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

**NOTE 6: INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The interfund balances are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental	<u>\$ 58</u>

The Cafeteria Fund owes the General Fund (a nonmajor governmental fund) \$58 in support of expenditures incurred for the Cafeteria Fund.

Interfund transfers consist of the following:

The General Fund made a transfer in the amount of \$160,000 to the Athletic Fund. The General Fund makes transfers on a yearly basis to support the Athletic Fund. The Cafeteria Fund made a transfer in the amount of \$10,000 to the General Fund to help pay the costs of administration.

**NOTE 7: DEFERRED REVENUE**

Deferred revenue in the government-wide and the fund financial statements consists of categorical and other grant monies received but not yet earned at year end. Deferred revenue in the fund financial statements also consists of monies that are not considered both available and measurable. Deferred revenues for the year ended June 30, 2006 are comprised of the following:

<u>Grant</u>	<u>Unearned</u>
School Readiness	\$ 25,024
Voc-Tech	45,364
Camp E.J.	17,916
GTB Grant	26,395
Miscellaneous	<u>12,613</u>
Total	<u>\$ 127,312</u>

**NOTE 8: SHORT-TERM DEBT – STATE AID NOTES**

The School issues State Aid notes in advance of State Aid receipts, depositing the proceeds in the General Fund. This note is necessary because a State Aid payment is not received in September.

Short-term debt activity for the year ended June 30, 2006, excluding interest expense of \$50,156 was as follows:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
State Aid Note	<u>\$ -</u>	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ -</u>



**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

**NOTE 9: LONG-TERM DEBT**

The following is a summary of the School District's governmental activities long-term debt transactions for the year ended June 30, 2006:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Bonds and notes payable:					
General obligation debt	\$ 10,615,000	\$ -	\$ 710,000	\$ 9,905,000	\$ 800,000
Durant resolution debt	39,702	-	3,008	36,694	14,374
Bus note	39,140	-	19,293	19,847	19,847
Other liabilities:					
Early Retirement Incentive	50,000	-	42,000	8,000	8,000
Compensated absences	118,518	-	8,311	110,207	-
Total governmental activities long-term liabilities	<u>\$ 10,862,360</u>	<u>\$ -</u>	<u>\$ 782,612</u>	<u>\$ 10,079,748</u>	<u>\$ 842,221</u>

Long-term debt payable at June 30, 2006, is comprised of the following individual instruments:

General Obligation Bonds:

1995 Serial bonds due in annual installments of \$515,000 through May 1, 2011; interest at 4.50%.

\$ 2,575,000

2002 Serial bonds due in annual installments of \$285,000 to \$995,000 through May 1, 2017; interest at 3.50% to 4.40%.

7,330,000

Total general obligation bonds

9,905,000

Durant Resolution Bond:

1998 Series School improvement bond due in annual installments of \$3,301 to \$14,374 through May 15, 2013; interest at 4.76%. This bond is a self-liquidating bond. It is payable both as to principal and interest, solely from an annual appropriation by the State of Michigan. If the legislature fails to appropriate the funds, the District is under no obligation for payment.

36,694

Note Payable:

Bus note payable due in annual installments of \$20,418 through July 23, 2007; interest at 2.875%.

19,847

Total bonds and notes payable

9,961,541

# NOTES TO FINANCIAL STATEMENTS – CONTINUED

## NOTE 9: LONG-TERM DEBT – CONTINUED

### Early Retirement Incentive:

Certain eligible employees were offered an early retirement incentive during the 2004-05 school year. Under the agreement, the school agreed to pay a voluntary termination benefit over the next two years.

8,000

### Compensated Absences:

The District's certified and non-certified employees are allowed to accumulate sick days. The number of days they are allowed to accumulate and the rates they are paid out varies by contract.

110,207

Total long-term debt

\$ 10,079,748

The annual requirements to amortize all governmental bond obligations and notes payable are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 834,221	\$ 421,695	\$ 1,255,916
2008	838,301	382,817	1,221,118
2009	878,459	347,485	1,225,944
2010	918,623	310,645	1,229,268
2011	958,796	272,298	1,231,094
2012 - 2016	4,538,141	804,566	5,342,707
2017	<u>995,000</u>	<u>43,780</u>	<u>1,038,780</u>
Total	<u>\$ 9,961,541</u>	<u>\$ 2,583,286</u>	<u>\$ 12,544,827</u>

Bond payments, including interest, are made from Debt Service Funds. The compensated absences and early retirement incentive liabilities will be liquidated primarily by the General Fund. There are limitations and restrictions contained in the various bond indentures. The District is in compliance with all significant limitations and restrictions.

## NOTE 10: DEFINED BENEFIT PENSION PLAN AND POST EMPLOYMENT BENEFITS

The East Jordan Public Schools contributes to the Michigan Public School Employees' Retirement System (MPERS), a cost sharing, multiple employer, state wide public employee retirement plan governed by the State of Michigan and created in 1915. MPERS was established by the State of Michigan for purposes of providing retirement, survivor and disability benefits to the State's public school employees. MPERS now operates under the provisions of Public Act 300 of 1980, as amended. MPERS issues a publicly available financial report that includes financial statements and required supplementary information for MPERS. That report may be obtained by writing to Michigan Public School Employees Retirement System, 7150 Harris Drive, P.O. Box 30026, Lansing, MI 48909-7526 or by calling (517) 322-6278.

## NOTES TO FINANCIAL STATEMENTS – CONTINUED

### NOTE 10: DEFINED BENEFIT PENSION PLAN AND POST EMPLOYMENT BENEFITS – CONTINUED

Prior to January 1, 1990, MPSERS provided a choice of two retirement plans, the Basic Plan, which required no employee contribution and the Member Investment Plan (MIP). For members hired on January 1, 1990 or after, membership in MIP is mandatory. MIP members are required to contribute 3 to 4.3 percent of their annual covered salary and East Jordan Public Schools is required to contribute at an actuarially determined rate. The current rate is 16.34% of annual covered payroll, of which approximately 6.55% is for other post employment benefits (see below). The contribution requirements of plan members and East Jordan Public Schools are established and may be amended by the MPSERS Board.

The School District's contribution to MPSERS for the years ending June 30, 2006, 2005 and 2004 were \$ 949,128, \$876,949 and \$774,678 respectively, equal to the required contributions for each year.

#### Other post employment benefits

Also under the MPSERS Act, all retirees have the option of continuing health, dental and vision coverage which are funded on a cash disbursement basis. Retirees having these coverages contribute an amount approximately equivalent to the monthly cost for Part B Medicare and 10% of the monthly premium amount for health, dental and vision coverage's

The number of plan participants and other relevant financial information consisted of the following at September 30, 2005, the date of the latest actuarial valuation.

Eligible retired participants	151,706
Participants receiving benefits:	
Health	115,071
Dental/Vision	122,291
Expenses for the year	\$761,695,958
Payroll contribution rate	6.55%

### NOTE 11: RESERVES AND DESIGNATIONS OF FUND BALANCES

#### Major Governmental Funds

General Fund – The General Funds' reserved fund balance includes amounts for tribal and prepaid expenditures. Prepaid expenditures are not available spendable resources although they are a component of net assets.

#### Nonmajor Governmental Funds

Special Revenue Funds – The Special Revenue Fund's reserved fund balance includes amounts for inventories and prepaid expenditures which are not available spendable resources although they are a component of net assets.

Debt Service Fund – The Debt Service Funds' reserved fund balances represent resources legally restricted for the payment of principal and interest amounts maturing in future years.

Capital Project Funds – The Capital Project Fund is reserved fund balances are for the acquisition and/or construction of major capital assets.

**NOTE 12: RISK MANAGEMENT**

The School District carries commercial insurance for risks of loss, including property and employee health insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The School District also belongs to the SEG Self-Insured Workers' Disability Compensation Fund, a public entity risk pool currently operating as a common risk management and workers' compensation insurance program for various school districts throughout the state. The School District pays an annual premium for its workers' compensation insurance coverage. The pool is self-sustaining through member premiums and reinsures through commercial companies for claims in excess of \$500,000 for each insured event. Although the School District could be assessed charges beyond the annual premium, the likelihood of receiving such an assessment is minimal.

**NOTE 13: SUBSEQUENT EVENTS**

The board approved contracts for two new buses in the amount of \$135,000, an Elementary School roofing project in the amount of \$54,454, and the purchase of desktop computers in the amount of \$66,185.

REQUIRED SUPPLEMENTAL INFORMATION

**EAST JORDAN PUBLIC SCHOOLS**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Year Ended June 30, 2006**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
<b>Revenues:</b>				
Local sources	\$ 3,209,872	\$ 3,240,898	\$ 3,230,855	\$ (10,043)
State sources	5,686,865	5,862,323	5,888,919	26,596
Federal sources	302,079	290,964	298,822	7,858
Interdistrict and other sources	575,040	654,419	609,724	(44,695)
<b>Total revenues</b>	<b>9,773,856</b>	<b>10,048,604</b>	<b>10,028,320</b>	<b>(20,284)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Basic programs	4,837,614	4,896,297	4,881,466	(14,831)
Added needs	1,321,162	1,368,175	1,372,537	4,362
Enrichment programs	33,226	33,406	34,112	706
<b>Support services:</b>				
Pupil	382,684	378,638	372,609	(6,029)
Instructional staff	466,738	475,335	421,837	(53,498)
General administration	368,547	370,368	372,905	2,537
School administration	630,809	620,751	622,833	2,082
Business services	86,778	125,276	125,115	(161)
Operations and maintenance	961,587	999,837	991,502	(8,335)
Pupil transportation services	495,145	500,201	491,130	(9,071)
Central support services	71,200	92,847	100,036	7,189
<b>Community services:</b>				
Community recreation	71,587	88,295	87,057	(1,238)
Custody and care of children	97,713	86,138	85,697	(441)
<b>Debt service:</b>				
Principal	19,293	19,293	19,293	-
Interest	1,125	1,125	1,125	-
Intergovernmental payments	66,500	56,700	56,644	(56)
<b>Total expenditures</b>	<b>9,911,708</b>	<b>10,112,682</b>	<b>10,035,898</b>	<b>(76,784)</b>
<b>Excess (deficiency) of   revenues over expenditures</b>	<b>(137,852)</b>	<b>(64,078)</b>	<b>(7,578)</b>	<b>56,500</b>
<b>Other financing sources (uses):</b>				
Operating transfers in	-	-	10,000	10,000
Operating transfers out	(160,000)	(160,000)	(160,000)	-
<b>Total other financing sources (uses)</b>	<b>(160,000)</b>	<b>(160,000)</b>	<b>(150,000)</b>	<b>10,000</b>
<b>Net change in fund balance</b>	<b>(297,852)</b>	<b>(224,078)</b>	<b>(157,578)</b>	<b>66,500</b>
<b>Fund balance - beginning of year</b>	<b>784,760</b>	<b>824,491</b>	<b>824,491</b>	<b>-</b>
<b>Fund balance - end of year</b>	<b>\$ 486,908</b>	<b>\$ 600,413</b>	<b>\$ 666,913</b>	<b>\$ 66,500</b>

## OTHER SUPPLEMENTAL INFORMATION

EAST JORDAN PUBLIC SCHOOLS  
Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2006

		<u>Special Revenue Funds</u>	
		<u>Cafeteria</u>	<u>Athletics</u>
<u>Assets</u>			
Cash		\$ 24,294	\$ 13,058
Due from other governmental units		31,617	-
Inventories		3,469	-
Prepaid expenditures		1,250	-
Total assets		<u>\$ 60,630</u>	<u>\$ 13,058</u>
<u>Liabilities and Fund Balance</u>			
Liabilities:			
Accounts Payable		\$ -	\$ 305
Due to other funds		58	-
Accrued expenses		1,603	3,818
Total liabilities		<u>1,661</u>	<u>4,123</u>
Fund Balances:			
Reserved for inventories and prepaid expenditures		4,719	-
Reserved for debt service		-	-
Reserved for capital improvements		-	-
Unreserved:			
Undesignated		54,250	8,935
Total fund balances		<u>58,969</u>	<u>8,935</u>
Total liabilities and fund balances		<u>\$ 60,630</u>	<u>\$ 13,058</u>



Debt Service Funds			Capital Projects Fund		Total
1995	2002	Durant Non-Plaintiff	Bonded Construction	Sinking	
\$ 113,837	\$ 205,632	\$ -	\$ -	\$ 657	\$ 357,478
-	-	-	-	-	31,617
-	-	-	-	-	3,469
-	-	-	-	-	1,250
<u>\$ 113,837</u>	<u>\$ 205,632</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 657</u>	<u>\$ 393,814</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 305
-	-	-	-	-	58
-	-	-	-	-	5,421
-	-	-	-	-	5,784
-	-	-	-	-	4,719
113,837	205,632	-	-	-	319,469
-	-	-	-	657	657
-	-	-	-	-	63,185
<u>113,837</u>	<u>205,632</u>	<u>-</u>	<u>-</u>	<u>657</u>	<u>388,030</u>
<u>\$ 113,837</u>	<u>\$ 205,632</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 657</u>	<u>\$ 393,814</u>

EAST JORDAN PUBLIC SCHOOLS  
Other Supplemental Information  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2006

	<u>Special Revenue Funds</u>	
	<u>Cafeteria</u>	<u>Athletics</u>
<b>Revenues:</b>		
Local sources	\$ 169,161	\$ 80,764
State sources	30,405	-
Federal sources	208,963	-
	<u>408,529</u>	<u>80,764</u>
<b>Expenditures:</b>		
Current:		
Food service	411,048	-
Athletics	-	239,949
Debt service:		
Principal	-	-
Interest	-	-
Other	-	-
Capital outlay	-	-
	<u>411,048</u>	<u>239,949</u>
Excess (deficiency) of revenues over expenditures	<u>(2,519)</u>	<u>(159,185)</u>
<b>Other financing sources (uses):</b>		
Operating transfers in	-	160,000
Operating transfers out	<u>(10,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(10,000)</u>	<u>160,000</u>
<b>Net change in fund balances</b>	<u>(12,519)</u>	<u>815</u>
<b>Fund balances - beginning of year</b>	<u>71,488</u>	<u>8,120</u>
<b>Fund balances - end of year</b>	<u>\$ 58,969</u>	<u>\$ 8,935</u>

Debt Service Funds			Capital Projects Funds		Total
1995	2002	Durant Non-Plaintiff	Bonded Construction	Sinking	
\$ 638,840	\$ 502,005	\$ -	\$ 108	\$ 127,041	\$ 1,517,919
-	-	4,364	-	-	34,769
-	-	-	-	-	208,963
638,840	502,005	4,364	108	127,041	1,761,651
-	-	-	-	-	411,048
-	-	-	-	-	239,949
515,000	195,000	3,008	-	-	713,008
139,050	305,368	1,356	-	-	445,774
1,402	1,106	-	-	-	2,508
-	-	-	2,818	126,384	129,202
655,452	501,474	4,364	2,818	126,384	1,941,489
(16,612)	531	-	(2,710)	657	(179,838)
-	-	-	-	-	160,000
-	-	-	-	-	(10,000)
-	-	-	-	-	150,000
(16,612)	531	-	(2,710)	657	(29,838)
130,449	205,101	-	2,710	-	417,868
\$ 113,837	\$ 205,632	\$ -	\$ -	\$ 657	\$ 388,030

EAST JORDAN PUBLIC SCHOOLS  
Other Supplemental Information  
Statement of Receipts and Disbursements  
Fiduciary Fund  
Year Ended June 30, 2006

	Balance July 1, 2005	2005-2006		Balance June 30, 2006
		Receipts	Disbursements	
Activity Funds:				
Elementary School	\$ 7,783	\$ 9,764	\$ 8,232	\$ 9,315
Elementary - Spartan	720	-	-	720
Elementary - Book Fair	5,213	8,466	7,966	5,713
High School	3,371	12,007	11,300	4,078
Middle School	(309)	4,797	4,326	162
Art Club	291	304	394	201
Art Club-MS	138	-	-	138
Athletics:				
Baseball	223	2,785	2,728	280
Boys BB Camp	289	5,821	5,982	128
Girls BB Camp	628	2,613	2,550	691
MS Basketball	55	-	-	55
Cross Country	204	1,561	1,664	101
Football	3,604	5,828	8,188	1,244
Football - MS	-	265	265	-
Football Donations	2,824	-	-	2,824
Soccer	(30)	-	-	(30)
Softball	542	1,736	1,458	820
Track	-	585	585	-
Trophy Club	267	-	-	267
Volleyball	1,030	1,620	1,996	654
Auto Mechanics	(7)	11,382	12,333	(958)
Band Fund	1,937	2,950	4,390	497
BPA	-	1,395	1,266	129
Bill Chase Relays	-	1,813	1,235	578
Bookstore:				
Band	-	193	193	-
Elementary School	-	984	984	-
High School	-	2,923	2,923	-
Middle School	-	2,231	2,231	-
Woods	-	12,419	12,419	-
Boys Youth Basketball	248	1,490	1,735	3
BST	51	36	20	67
Bus Drivers' Fund	178	-	59	119
Cheerleaders:				
JV	(2)	1,434	682	750
Varsity	(19)	2,633	2,598	16
Chess Club	564	-	-	564
Class of:				
1972	160	-	-	160
1975	47	-	-	47
1980	14	-	-	14
1981	162	-	-	162
1984	17	-	-	17

EAST JORDAN PUBLIC SCHOOLS  
Other Supplemental Information  
Statement of Receipts and Disbursements  
Fiduciary Fund  
(Continued)  
Year Ended June 30, 2006

	Balance July 1, 2005	2005-2006		Balance June 30, 2006
		Receipts	Disbursements	
1986	137	-	-	137
1988	210	-	-	210
1996	726	-	726	-
1999	373	-	-	373
2001	656	-	-	656
2002	615	-	-	615
2004	361	-	-	361
2005	1,397	-	-	1,397
2006	2,377	1,456	3,762	71
2007	387	11,905	5,721	6,571
2008	613	-	-	613
2009	1,762	1,560	932	2,390
2010	1,486	7,232	8,189	529
2011	6,839	9,513	7,537	8,815
2012	-	18,490	10,161	8,329
Community Activity	-	2,319	2,319	-
Community Auditorium	6,450	17,297	21,144	2,603
Community Ed	-	7,318	7,318	-
Community Pool	-	654	654	-
Deca	38	768	735	71
Devils Stop & Shop	42	-	-	42
Drama Club	87	-	-	87
EJHS Revolving	(99)	4,734	4,331	304
EJPS Revolving	-	35,737	35,392	345
Elementary Classes:				
Kindergarten	-	569	568	1
First Grade	-	504	504	-
Second Grade	-	328	320	8
Third Grade	47	1,293	935	405
Fourth Grade	50	609	386	273
Fifth Grade	87	363	315	135
Exsl	300	-	-	300
F.C.S.	164	20	151	33
German Club	259	-	-	259
Golf Boosters	1,065	1,159	1,486	738
Hot Lunch Staff	516	-	-	516
Job Shadowing	413	-	-	413
Journalism	403	827	445	785
Lake Michigan Conference	1,167	4,800	5,918	49
Learning Center	122	-	-	122
Malpass Grants	-	9,976	9,911	65
Mapex	296	-	-	296
Media Center	248	243	64	427
Media Center - HS	59	285	282	62

EAST JORDAN PUBLIC SCHOOLS  
Other Supplemental Information  
Statement of Receipts and Disbursements  
Fiduciary Fund  
(Continued)  
Year Ended June 30, 2006

	Balance July 1, 2005	2005-2006		Balance June 30, 2006
		Receipts	Disbursements	
Media Center - MS	441	205	166	480
Misc Grants	(6,516)	23,235	11,604	5,115
MST Center	249	1,043	1,050	242
Music - MS Vocal	25	-	-	25
National Honor Society	(64)	301	184	53
Needy Children	-	2,376	2,376	-
Odyssey of the Mind	1,173	-	-	1,173
Paws	210	-	-	210
Phys. Ed. - MS	356	-	-	356
Playground Fund	134	-	134	-
Pre-School	31	-	-	31
Publishing Center	1,714	-	-	1,714
Quiz Bowl	4	201	185	20
RIF	(2,400)	8,000	3,535	2,065
Scholarship Fund	9,219	12,405	13,069	8,555
Science Fair	(237)	2,169	1,366	566
SADD:				
HS	533	-	-	533
MS	498	-	-	498
Sci-Tech	381	-	-	381
Ski Team	1,737	615	795	1,557
Ski Club - MS	2,360	7,805	6,547	3,618
Special Ed - MS	161	-	7	154
Spanish Club	2,303	24,150	25,026	1,427
Student Council:				
MS	3,150	3,152	2,618	3,684
HS	1,107	1,215	1,165	1,157
Student Store - Marketing	(3,055)	8,811	7,285	(1,529)
Student Store - MS	398	-	-	398
Theatre Troupe - MS	29	-	-	29
Title IX	1,125	-	-	1,125
EJ Thespians	3,191	10,064	9,951	3,304
Yearbook:				
HS	(6,724)	16,383	15,319	(5,660)
MS	218	2,921	2,861	278
Y.E.S.	87	-	-	87
Interest Earned	-	860	860	-
5th Grade Store	857	-	-	857
8th Grade Lock-In	190	1,327	1,416	101
8th Grade Enterprise	1,175	2,134	2,158	1,151
8th Grade Teacher	37	-	-	37
Total	<u>\$ 73,943</u>	<u>\$ 369,366</u>	<u>\$ 340,585</u>	<u>\$ 102,724</u>

EAST JORDAN PUBLIC SCHOOLS  
Other Supplemental Information  
Schedule of Bonded Indebtedness  
June 30, 2006

	Due May 1	Interest Rate	Principal	Interest	Total
\$5,300,000 issue of November 1, 1995	2006-07	4.50	\$ 515,000	\$ 115,875	\$ 630,875
	2007-08	4.50	515,000	92,700	607,700
	2008-09	4.50	515,000	69,525	584,525
	2009-10	4.50	515,000	46,350	561,350
	2010-11	4.50	515,000	23,175	538,175
			<u>\$ 2,575,000</u>	<u>\$ 347,625</u>	<u>\$ 2,922,625</u>

Call provision: Bonds of this issue maturing on or after May 1, 2005 are subject to redemption prior to maturity at the option of the district in any order at par and interest plus a premium as follows:

May 1, 2006 - May 1, 2007	100.50
May 1, 2007 - May 1, 2011	100.00

EAST JORDAN PUBLIC SCHOOLS  
Other Supplemental Information  
Schedule of Bonded Indebtedness  
June 30, 2006

	Due May 1	Interest Rate	Principal	Interest	Total
\$7,920,000 issue of November 1, 2002	2007	3.50	\$ 285,000	\$ 299,030	\$ 584,030
	2008	3.75	320,000	289,054	609,054
	2009	3.75	360,000	277,054	637,054
	2010	3.75	400,000	263,554	663,554
	2011	3.85	440,000	248,555	688,555
	2012	3.95	840,000	231,616	1,071,616
	2013	4.05	875,000	198,436	1,073,436
	2014	4.15	905,000	162,998	1,067,998
	2015	4.25	940,000	125,440	1,065,440
	2016	4.30	970,000	85,490	1,055,490
	2017	4.40	995,000	43,780	1,038,780
			<u>\$ 7,330,000</u>	<u>\$ 2,225,007</u>	<u>\$ 9,555,007</u>

Call provision: Bonds of this issue maturing on or after May 1, 2013 are subject to redemption prior to maturity at the option of the district in any order at par and interest on any interest payment date on or after May 1, 2012.

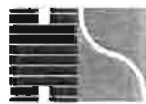


EAST JORDAN PUBLIC SCHOOLS  
Other Supplemental Information  
Schedule of Bonded Indebtedness  
June 30, 2006

	Due May 15	Interest Rate	Principal	Interest	Total
\$62,145 issue of November 24, 1998	2007	4.761353	\$ 14,374	\$ 6,219	\$ 20,593
	2008	4.761353	3,301	1,063	4,364
	2009	4.761353	3,459	906	4,365
	2010	4.761353	3,623	741	4,364
	2011	4.761353	3,796	568	4,364
	2012	4.761353	3,976	388	4,364
	2013	4.761353	4,165	198	4,363
			<u>\$ 36,694</u>	<u>\$ 10,083</u>	<u>\$ 46,777</u>

Call provision: This Bond is not subject to redemption prior to maturity by the District.

FEDERAL SINGLE AUDIT REPORTING



August 18, 2006

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Superintendent and Board of Education  
East Jordan Public Schools  
East Jordan, Michigan

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of East Jordan Public Schools as of and for the year ended June 30, 2006, which collectively comprise East Jordan Public School's basic financial statements and have issued our report thereon dated August 18, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered East Jordan Public Schools' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

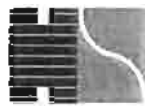
Compliance and Other Matters

As part of obtaining reasonable assurance about whether East Jordan Public Schools' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the management, School Board and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Hill Schroderus & Co.*

CERTIFIED PUBLIC ACCOUNTANTS  
Potoskey, Michigan



August 18, 2006

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133

Superintendent and Board of Education  
East Jordan Public Schools  
East Jordan, Michigan

Compliance

We have audited the compliance of East Jordan Public Schools with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. East Jordan Public Schools' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of East Jordan Public Schools' management. Our responsibility is to express an opinion on East Jordan Public Schools' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about East Jordan Public Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on East Jordan Public Schools' compliance with those requirements.

In our opinion, East Jordan Public Schools complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.


Internal Control Over Compliance

The management of East Jordan Public Schools is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the East Jordan Public Schools' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

East Jordan Public Schools  
East Jordan, Michigan

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the management, School Board and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



CERTIFIED PUBLIC ACCOUNTANTS  
Petoskey, Michigan

**EAST JORDAN PUBLIC SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For Fiscal Year Ended June 30, 2006

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount	Accrued (Deferred) Revenue July 1, 2005	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue June 30, 2006
<b>U.S. Department of Education</b>							
Direct Programs							
Indian Education-Title IX B060A050564-05/06	84.060A	\$ 30,552	\$ -	\$ -	\$ 30,552	\$ 30,552	\$ -
Passed Through MDE							
ECIA Title I							
51530-0405 Reg	84.010	197,454	41,954	197,454	-	41,954	-
61530-0506 Reg	84.010	185,326	-	-	185,326	185,326	-
Total		382,780	41,954	197,454	185,326	227,280	-
Title IIA							
050520-0405 Reg	84.367	63,297	9,097	63,297	-	9,097	-
060520-0506 Reg	84.367	62,482	-	-	62,482	62,482	-
Total		125,779	9,097	63,297	62,482	71,579	-
Other							
SPSR - 060440	84.027A	3,760	-	-	2,781	-	2,781
Title IID - 064270-0506 Reg	84.318	3,457	-	-	3,457	3,457	-
Title V - 060250-0506 Reg	84.298	512	-	-	512	512	-
Katrina Hurricane Relief 064120	84.938C	4,950	-	-	4,950	-	4,950
Total		12,679	-	-	11,700	3,969	7,731
Total Passed Through MDE		521,238	51,051	260,751	259,508	302,828	7,731
Passed Through ISD							
IDEA - Transition	84.027	1,580	(825)	-	1,438	1,580	(967)
IDEA - Flow-through	84.027	445	-	-	445	445	-
Voc Ed Perkins III	84.243A	1,413	-	-	1,413	1,413	-
Voc Ed Secondary CTE Perkins	84.048	67	-	-	67	67	-
Drug Free Schools	84.166A	630	-	-	630	-	630
Medicaid outreach	93.778	774	-	-	774	774	-
Total Passed Through ISD		4,909	(825)	-	4,767	4,279	(337)
Total U.S. Dept. of Education		556,699	50,226	260,751	294,827	337,659	7,394

**EAST JORDAN PUBLIC SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

(Continued)

For Fiscal Year Ended June 30, 2006

Federal CFDA Number	Approved (Grant Award) Amount	Accrued (Depleted) Revenue July 1, 2005	(Miami Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Depleted) Revenue, June 30, 2006
<b>U.S. Dept. of Agriculture</b>						
Passed Through Grant: Entitlement Commodities Bonus Commodities	19,194 3,213	-	-	19,194 3,213	19,194 3,213	-
<b>Total</b>	<b>22,407</b>	<b>-</b>	<b>-</b>	<b>22,407</b>	<b>22,407</b>	<b>-</b>
<b>National School Lunch Program:</b>						
Breakfast - \$1970 Breakfast - \$1970	2,596 33,992	-	-	2,596 33,992	2,596 33,992	-
<b>Total</b>	<b>36,588</b>	<b>-</b>	<b>-</b>	<b>36,588</b>	<b>36,588</b>	<b>-</b>
<b>National School Lunch Program:</b>						
All Lunches - \$1970 All Lunches - \$1970 Free and Reduced - \$1960 Free and Reduced - \$1960	2,412 22,376 12,028 113,150	-	-	2,412 22,376 12,028 113,150	2,412 22,376 12,028 113,150	-
<b>Total</b>	<b>149,966</b>	<b>-</b>	<b>-</b>	<b>149,966</b>	<b>149,966</b>	<b>-</b>
<b>Total U.S. Dept. of Agriculture</b>	<b>200,962</b>	<b>-</b>	<b>-</b>	<b>200,962</b>	<b>200,962</b>	<b>-</b>
<b>U.S. Dept. of Homeland Security</b>						
Passed Through Michigan State Police Equipment Support	4,002	-	-	4,002	4,002	-
<b>Total Federal Financial Assistance</b>	<b>748,444</b>	<b>50,726</b>	<b>260,751</b>	<b>507,765</b>	<b>550,817</b>	<b>1,394</b>

**Notes:**

1. This schedule is prepared using the modified accrual basis. The threshold used to distinguish between Type A and Type B programs is \$100,000.
2. Expenditures in this schedule are in agreement with amounts reported in the financial statements and the financial reports (DD404, DD407A, DD4169, DD4012, etc.).
3. The amounts reported on the DD404, Grant Section Auditors Report, reconcile with this schedule.
4. The amounts reported on the President's Entitlement Balance Report or PAT Report agree with this schedule for OSDA food commodities and are reflected in the Cash Receipts column.
5. Expenditures include postage or mileage.

EAST JORDAN PUBLIC SCHOOLS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
Year Ended June 30, 2006

Finding/Noncompliance

There were no uncorrected findings from the previous year's audit.



**EAST JORDAN PUBLIC SCHOOLS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For Year Ended June 30, 2006**

1. Summary of Audit Results

- i. East Jordan Public Schools has received an unqualified opinion on its financial statements.
- ii. We noted no matters in East Jordan Public Schools' internal control structure which we consider to be reportable conditions.
- iii. We noted no noncompliance that would be material to the financial statements.
- iv. We noted no matters in East Jordan Public Schools' internal control over major programs which we consider to be reportable conditions.
- v. East Jordan Public Schools has received an unqualified opinion on compliance for its major program, Title I.
- vi. We noted no audit findings required to be reported under Section 510 (a) of OMB Circular A-133.
- vii. The District had no Type A programs. The dollar threshold used to determine Type B programs was \$135,000. Two programs qualified as potential Type B programs. The Title I program was selected for testing in the current year.
- viii. East Jordan Public Schools did qualify as a low-risk auditee under Section 530.

2. Findings and Questioned Costs

We noted no material findings, or questioned costs.

NO MANAGEMENT LETTER WAS ISSUED TO THE EAST JORDAN PUBLIC SCHOOLS FOR THE YEAR  
ENDED JUNE 30, 2006



**PART II****FINANCIAL STATEMENTS (To be completed by auditor)**

## 1. Type of audit report

Mark either:

1 ☒ Unqualified opinion **OR**any combination of: 2 ☐ Qualified opinion 3 ☐ Adverse opinion 4 ☐ Disclaimer of opinion

## 2. Is a "going concern" explanatory paragraph included in the audit report?

1 ☐ Yes 2 ☒ No

## 3. Is a reportable condition disclosed?

1 ☐ Yes 2 ☒ No - SKIP to Item 5

## 4. Is any reportable condition reported as a material weakness?

1 ☐ Yes 2 ☐ No

## 5. Is a material noncompliance disclosed?

1 ☐ Yes 2 ☒ No**PART III****FEDERAL PROGRAMS (To be completed by auditor)**

## 1. Does the auditor's report include a statement that the auditor's financial statements include departments, agencies, or other organizational units expending \$500,000 or more in Federal awards that have separate A-133 audits which are not included in this audit? (AICPA Audit Guide, Chapter 12)

1 ☐ Yes 2 ☒ No

## 2. What is the dollar threshold to distinguish Type A and Type B programs? (OMB Circular A-133 § 520(b))

\$ 300,000

## 3. Did the auditee qualify as a low-risk auditee? (§ 530)

1 ☒ Yes 2 ☐ No

## 4. Is a reportable condition disclosed for any major program? (§ 510(a)(1))

1 ☐ Yes 2 ☒ No - SKIP to Item 6

## 5. Is any reportable condition reported as a material weakness? (§ 510(a)(1))

1 ☐ Yes 2 ☐ No

## 6. Are any known questioned costs reported? (§ 510(a)(3) or (4))

1 ☐ Yes 2 ☒ No7. Were Prior Audit Findings related to **direct** funding shown in the Summary Schedule of Prior Audit Findings? (§ 315(b))1 ☐ Yes 2 ☒ No8. Indicate which **Federal** agency(ies) have current year audit findings related to **direct** funding or prior audit findings shown in the Summary Schedule of Prior Audit Findings related to **direct** funding. (Mark (X) all that apply or None)06 ☐ U.S. Agency for International Development03 ☐ Federal Emergency Management Agency43 ☐ National Aeronautics and Space Administration08 ☐ Social Security Administration10 ☐ Agriculture09 ☐ General Services Administration46 ☐ National Archives and Records Administration19 ☐ U.S. Department of State23 ☐ Appalachian Regional Commission05 ☐ Health and Human Services05 ☐ National Endowment for the Arts20 ☐ Transportation11 ☐ Commerce07 ☐ Homeland Security06 ☐ National Endowment for the Humanities21 ☐ Treasury04 ☐ Corporation for National and Community Service14 ☐ Housing and Urban Development06 ☐ National Endowment for the Humanities42 ☐ United States Information Agency12 ☐ Defense02 ☐ Institute of Museum and Library Services47 ☐ National Science Foundation44 ☐ Veterans Affairs04 ☐ Education13 ☐ Interior07 ☐ Office of National Drug Control Policy00 ☒ None01 ☐ Energy18 ☐ Justice08 ☐ Small Business Administration

Other - Specify:

08 ☐ Environmental Protection Agency09 ☐ Legal Services Corporation

Each agency identified is required to receive a copy of the reporting package.

In addition, one copy each of the reporting package is required for:

- the Federal Audit Clearinghouse archives ☒
- and, if not marked above, the Federal cognizant agency ☐

Count total number of boxes marked above and submit this number of reporting packages

1

PART II  
FEDERAL PROGRAMS - Continued

## 9. FEDERAL AWARDS EXPENDED DURING FISCAL YEAR

CFDA Number		Research and development (c)	Name of Federal program (d)	Amount expended (e)	Direct award (f)	Major program (g)		Type(s) of compliance requirement(s) (h)	Audit finding reference number(s) (i)
Federal Agency Prefix (a)	Extension (b)					Major program (g)	If yes, type of audit report (j)		
8	4	060A	INDIAN EDUCATION	\$ 36,552.00	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
8	4	010	ECIA TITLE I	\$ 185,326.00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	U	O	N/A
8	4	367	TITLE 8A	\$ 62,482.00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
8	4	318	TITLE 8D	\$ 3,457.00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
8	4	298	TITLE V	\$ 512.00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
8	4	027A	SPER	\$ 2,781.00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
8	4	938C	KATRINA HURRICANE RELIEF	\$ 4,356.00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
8	4	027	CSEA TRANSITION	\$ 1,883.00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
8	4	243A	VOC ED PERSONS	\$ 1,413.00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
8	4	048	CTE PERSONS	\$ 57.00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
<b>TOTAL FEDERAL AWARDS EXPENDED</b>				\$ 507,785.00	IF ADDITIONAL LINES ARE NEEDED, PLEASE PHOTOCOPY THIS PAGE, ATTACH ADDITIONAL PAGES TO THE FORM, AND SEE INSTRUCTIONS				

<sup>1</sup> See Appendix 1 of instructions for valid Federal Agency two-digit prefixes.

<sup>2</sup> Or other identifying number when the Catalog of Federal Domestic Assistance (CFDA) number is not available. (See instructions)

<sup>3</sup> If major program is marked "Yes," enter only 2006 letter (U = Unqualified opinion, Q = Qualified opinion, A = Adverse opinion, D = Disclaimer of opinion) corresponding to the type of audit report in the adjacent box. If major program is marked "No," leave the type of audit report box blank.

<sup>4</sup> Enter the identity of all types of compliance requirement(s) that apply to audit findings (i.e., noncompliance, reportable conditions (including material weaknesses), questioned costs, fraud, and other audit reports under § 910(a)) reported for each Federal program.

A. Activities allowed or unallowed

B. Allowable cost/principles

C. Cash management

D. Davis - Bacon Act

E. N/A for N/A

E. Eligibility

F. Equipment and real property management

G. Matching, level of effort, earmarking

H. Period of availability of Federal funds

I. Procurement and suspension and debarment

J. Program income

K. Real property acquisition and relocation assistance

L. Reporting

M. Subrecipient monitoring

N. Special tests and provisions

O. None

P. Other

# **PART III** **FEDERAL PROGRAMS - Continued**

## **9. FEDERAL AWARDS EXPENDED DURING FISCAL YEAR**

CFDA Number			Research and development project	Name of Federal program	Amount expended	Direct award	Major program		Type(s) of compliance requirement(s) <sup>4</sup>	Audit finding reference number(s) <sup>5</sup>
Federal Agency Prefix <sup>1</sup>	Extension <sup>2</sup>	Major program					If yes, type of audit report <sup>3</sup>			
93	778		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	MEDICAL OUTREACH	\$ 774.00	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		O	N/A
10	550		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	COMMODITIES	\$ 22,407.00	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		O	N/A
10	553		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	BREAKFAST	\$ 36,588.00	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		O	N/A
10	555		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	LUNCH	\$ 148,968.00	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		O	N/A
97	004		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	EQUIPMENT SUPPORT	\$ 3,995.00	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		O	N/A
84	185A		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	DRUG FREE SCHOOLS	\$ 630.00	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		O	N/A
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